



Excise Tax Advisory

Excise Tax Advisories (ETA) are interpretive statements issued by the Department of Revenue under authority of RCW 34.05.230. ETAs explain the Department's policy regarding how tax law applies to a specific issue or specific set of facts. They are advisory for taxpayers; however, the Department is bound by these advisories until superseded by Court action, Legislative action, rule adoption, or an amendment to or cancellation of the ETA.

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Cancellation of excise tax advisories

This bulletin identifies additional Excise Tax Advisories (ETAs) that have been cancelled. These advisories have been cancelled for a number of reasons. In some cases a particular advisory may have been superseded by legislation, may no longer be correct because of a court decision, or may no longer be necessary because of specific inclusion in a subsequent rule revision.

This advisory is the third supplement to ETA 2003. ETA 2003 and previous supplements to ETA 2003 should not be discarded. ETA 2003 and its supplements provide a history of all of the advisories that have been cancelled.

Advisories cancelled February 15, 2001:

ETA	Title	Reason for cancellation
183.16.179	Gross income of public utility districts - Local taxes included	This document explains that taxes imposed under chapter 54.28 RCW (Privilege taxes) are included in the measure of tax for the purposes of chapter 82.16 RCW (Public utility tax). The latest revision of WAC 458-20-195 (Taxes, deductibility), effective August 21, 2000, specifically lists this tax as an example of a tax that is not deductible when determining the measure of tax.
186.08.239	Sales to nonresident farmers and the machinery and implements exemption	RCW 82.08.0268 (cited as 82.08.030(17) in this document) provides a retail sales tax exemption for sales to nonresidents of machinery and implements for use in a farming activity outside Washington. This document explains that the prefabricated buildings are not "machinery and implements" for the purposes of this exemption. While the result is correct, this information is no longer needed.

ETBS have been made Excise Tax Advisories, and have retained their old number. Advisories with a 2 (plus three digits) are new advisories, ETBs that have been revised and readopted after review under the Department's regulatory improvement program, or advisories that have been revised and/or readopted.

To inquire about the availability of receiving this document in an alternate format for the visually impaired or language other than English, please call (360)753-3217. Teletype (TTY) users please call 1-800-451-7985.

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186.08.239	Sales to nonresident farmers and the machinery and implements exemption	RCW 82.08.0268 (cited as 82.08.030(17) in this document) provides a retail sales tax exemption for sales to nonresidents of machinery and implements for use in a farming activity outside Washington. This document explains that the prefabricated buildings are not “machinery and implements” for the purposes of this exemption. While the result is correct, this information is no longer needed.
291.04.239	Parts and repairs for farm machinery of nonresidents	This document explains how the exemption discussed in WAC 458-20-239 (Sales to nonresidents of farm machinery and implements) applies to sales of parts and repair services. The instructions are incorrect with respect to repair services due to the statutory changes of chapter 167, Laws of 1998. The latest revision of WAC 458-20-239, effective May 20, 2000, provides correct and comprehensive tax-reporting instructions in this area.
314.12.178	Inventory donated to charity subject to use tax	This document explains that a person donating inventory items to charitable organizations is subject to the use tax. This information is no longer correct. Chapter 182, Laws of 1998, provided a use tax exemption for the donation of inventory items to nonprofit charitable organizations.
381.04.161	Wholesale sales of rye and milo	This document explains that the lower B&O tax rate provided by then RCW 82.04.260(1) does not apply to sales of rye and milo. This information is out of date. Subsequent legislation added rye to the list of products identified in the statute being discussed. Later legislation replaced the lower B&O tax rate described in this document with an exemption. The document provides an incorrect statutory citation and incorrect tax rates.

434.04.169	Business and occupation-Sales tax: Nonprofit organization's retailing magazines	This document explains that nonprofit organizations must remit business and occupation tax and collect and remit retail sales tax on sales of religious magazines. This document fails to recognize subsequent legislation (Chapter 336, Laws of 1998) that provides B&O and retail sales tax exemptions for certain fund-raising sales. It also provides an incorrect definition of "newspaper", which is defined in RCW 82.04.214.
502.40.181	Suitable records – timber harvesters	This document explains that timber harvesters are required to record and preserve scaling slips that include grading details as described by the Puget Sound Log Scaling and Grading Bureau to fulfil their record-keeping requirements under RCW 82.32.070 as explained in WAC 458-40-181. This information is out of date and no longer needed. WAC 458-40-181 no longer exists, and the latest revision of chapter 458-40 WAC, effective January 1, 2001, sufficiently addresses this issue.
504.08.192	Sales to or by Indians	This document was issued to outline procedures to implement WAC 458-20-192 (Indians—Indian reservations), as revised November 12, 1976, and to clarify certain provisions of that rule. This document is out of date and no longer needed. The latest revision of Rule 192, effective January 1, 2001, provides current information on sales to or by Indians. Many of the Department of Revenue field office addresses provided in ETA 504 are incorrect.
2005.84.33	Timber tax – Personal use of timber by landowner	This document clarifies how to distinguish between a landowner cutting timber for personal use and a landowner harvesting timber for commercial or industrial use for the purpose of determining whether the timber excise tax applies. This document is no longer needed as this issue is addressed in the latest revision of WAC 458-40-626 (Timber excise tax—Tax liability—Private timber, tax due when harvested), which became effective January 1, 2001.

Advisory cancelled April 11, 2001:

459.04.146	Interest Received on Direct Obligations of the Federal Government	This document notes that WAC 458-20-146 (National and state banks, mutual savings banks, savings and loan associations and other financial institutions) explains that a deduction is available for interest received on direct obligations of the federal government. ETA 459 then provides a limited list of federal agencies/instrumentalities. This list is in part incorrect (e.g., the Federal Home Loan Bank and Bank for Cooperatives are no longer federal agencies or instrumentalities). There is also no need for the Department to maintain this partial list as information necessary to identify federal agencies/instrumentalities is available via the Internet.
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Advisory cancelled May 17, 2001:

572.04.169	Grants received by nonprofit or governmental entities	This document explains the Department's position regarding the taxation of grants received by nonprofit or governmental entities from governmental or private sources. It explains that the B&O tax deduction available for bona fide contributions and donations is not lost if the person making the gift requires some accountability for how the gift is used as a condition of receiving the gift. While this information is correct, it is no longer needed. The latest revision of WAC 458-20-169 (Nonprofit organizations), effective May 17, 2001, sufficiently addresses this subject.
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Advisories cancelled July 16, 2001:

067.04.135	Extracting tax classification in regard to logging operations	This document addresses the taxability of unloading logs onto flat cars. It is no longer needed. WAC 458-20-13501 (Timber harvest operations) addresses this issue.
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099.08.122	Spray materials used in producing timber and the agricultural exemption	This document explains that the retail sales tax applies to the purchase of spray materials used to control weeds and pests in timber areas. This document is no longer needed as the taxability of spray materials is addressed in WAC 458-20-13501.
369.04.172	Retail sales tax: Tree-planting and tree-thinning	This document explains the taxability of tree planting and tree thinning. This document is no longer needed as these issues are addressed in WAC 458-20-13501.
373.08.171	Retail sales tax: Logging performed as an incident to construction of privately owned roads	This document explains that the felling, bucking, and decking of logs while constructing a road is incidental to the road construction contracts. This document is no longer needed. WAC 458-20-13501 explains the taxability of logging performed as an incident to construction.
394.04.136	Activities for his own use or incidental to the taxpayer's major activity	This document explains the taxability of miscellaneous income associated with and the use of products manufactured for commercial or industrial while engaging in timber harvest activities. It is no longer needed because these issues are addressed in WAC 458-20-13501.
420.08.12.102/135	Seedlings used in reforestation programs	This document explains that the retail sales and use taxes apply to seedlings used in reforestation programs. This document is no longer needed because the taxability of seedlings is addressed in WAC 458-20-13501.
541.04.45.33.135/129	Tax liabilities on forest landowners and harvesters: Sale of standing timber vs. sales of logs	This document explains tax-reporting responsibilities associated with two different types of timber sales. This document is no longer needed because the information was incorporated into WAC 458-20-13501.
550.16.179	Deduction requirements for certain log hauls by truck	This document explains tax-reporting requirements associated with log hauls to export facilities. This document is no longer needed because this issue is addressed in WAC 458-20-13501.